

Update on implementation of the recommendations from the Capital Challenge session

Ref	Original Recommendation	Response – as reported to Cabinet 23 April 2015	Update as at March 2016
1.0	To establish an overarching Corporate Board with responsibility for monitoring all individual projects across the Council in order to give a better overview of the capital programme and to ensure that the project management system is applied across all schemes and departments.	Partially agreed. Corporate Board already review capital expenditure via the monthly Finance Monitor document. This document is the aggregation of directorate capital review discussions.	No Further update.
2.0	To develop the role of the capital forum into a senior officers' forum where its existing role is maintained but extended to take on capital monitoring/programme management. Each directorate will send a senior representative who presents a directorate report based on the RAG system.	Agreed. Capital forum will monitor the progress of capital programme expenditure Representatives from all directorates and the Project Management Office will continue attend.	The role of the capital forum is as follows: <ul style="list-style-type: none"> • To ensure capital expenditure is incurred in accordance with the approved Capital Programme, especially the timing of projects to prevent excessive slippage. • To ensure approved schemes are ready to commence and have appropriate governance arrangements in place (PID) before funding is released. • To ensure capital expenditure is incurred in accordance with the Harrow Capitalisation Policy, Financial Regulations and the capital programme step by step guide.
3.0	That the VERTO system be reviewed in terms of its staff training processes, to establish its purposefulness and to maximise its effectiveness .	Agreed A review of how Verto is used in the capital management process has recently been undertaken and the resultant changes have been incorporated into a training	The training was delivered in April 2015.

		programme.	
4.0	To change the Council's constitution so that elected members are part of the decision making process to vary the capital programme.	Not agreed. This is already the case. All significant additions and variations to the programmes need member approval.	No Further update
5.0	That the Director of Finance & Assurance and the Head of Internal Audit, explore whether the centralised scanning of invoices has a deleterious impact on project timetables and contractor payments and to assess the risk of fraud.	Agreed. A review will take place.	This review will be undertaken by the Director of Finance and Head of Internal Audit during 2016/17.
6.0	That all projects be realistically scoped and planned before being put into the capital programme.	Agreed This would always be the aspiration.	No Further update
7.0	That the Capital Forum has the power to vire money from under spending projects/budgets to other projects to ensure that slippage is minimised.	Not agreed. This would remove responsibility from democratically elected Councillors.	No Further update
8.0	That all budgeted allocations should be split in monthly budgets and monitored monthly to ascertain underspend/overspend.	Agreed. This would be good practice and officers will work towards this.	Verto would allow this, however the current implementation within SAP does not support monthly profiling. As SAP is our primary system, this would require significant changes to the capital system within SAP. This would entail a substantial cost and there would also be significant ongoing staff resources in maintaining this. It is felt the costs would not be justified by the benefits.
9.0	That slippage/underspend should be monitored in terms of efficiency saving and other underspend.	It would be possible to classify all capital spend as either generating an efficiency saving or not. Therefore it would be possible	No Further update as slippage and underspends are already separately identified in monitoring reports.

		to classify any underspend accordingly. The vast majority of the Council's capital programme does not pertain to efficiency savings but to Statutory service delivery - For example the Schools expansion programme. Slippage and underspend is identified separately in monitoring reports. A reason for the underspend/slippage is already given. Where there is a revenue impact this is identified.	
10.0	That all members should have monthly updates on the capital programme within their wards with a RAG report explaining what action is to be taken to resolve the Red/Amber projects. The Finance Portfolio Holder should see the minutes of the Capital Forum and he/she should advise Portfolio Holders of underperformance on capital projects.	Partially accepted The finance systems do not hold data in this way. This would require additional reporting requirement which would require more resources. Ward based reporting might be something for project managers to consider where appropriate The Finance Portfolio holder receiving the minutes of the Capital Forum is a very sensible idea.	The port-folio holder for Finance and Major Contracts receives verbal updates from the Director of Finance where it is felt that the necessary and in particular when any action from the Capital Forum leads to a recommendation for a virement which needs approval. Going forward, the portfolio holder will receive the minutes from the capital forum.
11.0	That the Capital Programme/Budget agreed in the February of each financial year should be over-programmed by a factor of 25%. This will enable slippage to be moved to different projects in year without reference back to Full Council. The decision to vire should be either a Cabinet or Portfolio Holder decision depending on the urgency.	Response Not agreed. In this scenario members would not know what capital schemes they are actually approving at Full Council and as such may not be legal.	No Further update
12.0	That once slippage/under-spending is reduced to levels below 15% then the over-programming is reduced to 10%.	As per 11	No Further update
13.0	To ensure that a summary of the Lessons Learned Log be distributed periodically to all project managers. This should include	Agreed. This would be a sensible idea, there is functionality within Verto that can facilitate this.	There have been no significant projects completed since this has been agreed. It is proposed that as

	problems and solutions and good practices and success that could be applied to future works.		projects do complete that those where it is felt there would be a benefit to a review will have a lessons learned review. In addition any ongoing projects where it is felt this is appropriate will also be reviewed, e.g. where there has been significant slippage.
14.0	To appoint a nominated officer to ensure that there is adequate resident engagement in the capital programme process.	Agreed. The capital programme could feature more strongly in the existing resident engagement around the budget. It is worth noting that the schools expansion Programme engaged dedicated resource to help them with Comms and engagement throughout 2014.	The Capital programme forms part of the overall budget consultation that takes place between December and January each year. In addition, where there are major capital schemes, such as new schools etc, there would be public consultation.
15.0	To produce more stringent corporate documentation requiring officers to provide detailed information on reasons for project slippage.	Agreed. Additional guidance can be produced.	This will be reviewed as part of the year end Capital outturn report where variances on the total spend against budget are reported on.
16.0	That the capital programme, while based on the financial year should be structured around when the project is best suited to start.	Agreed. Greater work will be done to ensure that the capital programmes are appropriately phased	This is part of an ongoing continued effort to improve the reporting on slippage and update budgets on a regular basis for variations.
17.0	To ensure that contracts are negotiated and signed before the commencement of any works.	Agreed. This is in line with the existing Contract Procedure Rule, breaches of which are monitored at the Strategic Procurement Board.	No Further update.